

## The Providers' Alternate proposal - Executive Summary

The providers (AT&T, Duke Energy, Frontier Communications, Level3 Communications, PSNC Energy, Time Warner Cable) contend that the City's estimates of cost associated with permitting and inspecting installation projects do not reflect the actual time required to perform these tasks. Attached you will find a detailed spreadsheet comparing the City's estimates of the cost components it has identified as the costs to issue a permit to the providers' estimates of those cost components. Below you will find justification for changing those estimates.

In summary, following a careful analysis of the scenarios presented by the Staff, the companies do not believe that the proposed fee structure is appropriate for the work which the City actually performs regarding permitting in the rights-of-way. However, the companies wish to present this alternative proposal in the interest of cooperation and possible resolution and without waiver of any of the legal rights and positions that the companies have presented.

- 1) **Justification for reducing Total Inspector time needed.** Based on the City's time estimates, the 921 permits the City received in 2014 would require each of the two inspectors to work 3,116 hours that calendar year. However, there are only 1950 regular work hours in a year, according to the City. 40 regular hours + 10 overtime hours each week for 48 of the 52 weeks in a year is only 2,430 hours.
- 2) **Justification for reducing number of trips Inspectors make.** The City stated that some of the trips inspectors make to a job site are for asphalt temperature testing; however, none of our employees, nor our contractors installing asphalt, have seen City employees measuring the temperature of asphalt. The providers reduced the City's estimate of 4 trips for scenarios A, B, and C, and 20 trips for scenario D, to 1 trip and 3 trips, respectively.
- 3) **Justification for reducing number of trips Inspectors make.** The City stated that some of the trips inspectors make to a job site are for compaction testing; however, the City requires us to use "flowable fill," which is basically concrete, for which there is no compaction test. Additionally, City Inspectors have requested and are now receiving pictures of utility crews installing flowable fill to prevent them making a trip to the job site. The providers reduced the City's estimate of 4 trips for scenarios A, B, and C, and 20 trips for scenario D, to 1 trip and 3 trips, respectively.
- 4) **Justification for reducing number of trips Inspectors make.** The City stated in a meeting on December 15, 2015, during a discussion of scenario B, that 3 of those 4 trips were to verify restoration. The providers do not believe this number of trips is necessary, and we do not believe it reflects what is actually occurring. On an average project, one trip is sufficient.
- 5) **Justification for reducing Inspector travel time.** The City's time estimates include 40 minutes round trip to each job site; however, according to Google Maps, from City Hall to Southpoint Mall, an example of a worst case trip to the outskirts of the Durham City Limits, a round trip is only 34 minutes. Additionally, this does not take into consideration synergies gained when Inspectors visit more than one job site per trip. The providers used 20 minutes, which we believe reflects more accurately the average travel time for an Inspector.
- 6) **Justification for reducing Inspection Time per Inspection.** The City estimates between 10 and 50 minutes per inspection. Our experience is an inspector spends on average 10 minutes per inspection on the job site. The providers changed the estimates to better reflect this experience.

- 7) **Justification for reducing permitting time.** The contract between the City and Kimley-Horn states that permitting should take 4 hours per mile of fiber. The providers reduced the City's time estimates to better reflect this estimate, with a minimum time of 15 minutes.
- 8) **Justification for reducing Management time for Scenario D.** Four and one-half hours for every one mile permit seems excessive. The providers reduced this to one and one-half hours to reflect what we believe is a more accurate average amount of time per one mile permit.
- 9) The providers made no changes made to administrative time. However, 5.67 hours for billing, front desk customer service, and taking phone calls and complaints related to these projects, seems excessive for every project.
- 10) **Scenarios E & F** have been changed to reflect the amount of inspections and time per inspections as mentioned above.
- 11) **Scenarios E & F** have also been changed and the numbers have been input into the City of Durham's spreadsheet to show the cost of permitting with City Staff vs. the Kimley-Horn contract.

Using these revised time estimates, the providers proposal of current fees + 20% more than cover costs incurred by the City.